Government of
Saskatchewan

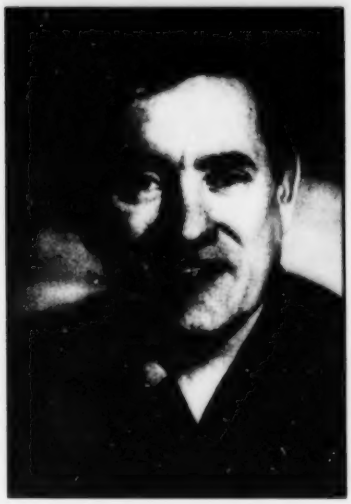
Annual Report
1998-1999

Saskatchewan
Finance

For the fiscal year ending
March 31, 1999

100-04520/

Letters of Transmittal



Her Honour The Honourable Dr. Lynda M. Haverstock
Lieutenant-Governor
Province of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 1999.

Eric Cline
Minister of Finance

The Honourable Eric Cline
Minister of Finance

Dear Sir:

I have the honour of submitting the Annual Report of Saskatchewan Finance for the fiscal year ending March 31, 1999.

Respectfully submitted,

Paul Boothe
Deputy Minister

Introduction

This inaugural Annual Report of the Department of Finance reviews the Department's work and achievements for the fiscal year ending March 31, 1999.

The Department of Finance is not required by legislation to table an annual report to the Legislative Assembly. However, in an effort to further improve the overall public accountability of the Government of Saskatchewan, the Department is providing this report to help the public evaluate its operational performance.

This initial Annual Report examines activities and operations for 1998-99 and provides information about the mandate of the Department, the environment in which it operates and the manner in which it supports the overall goals and directions of the Province of Saskatchewan.

It is hoped that this new publication will give the public, and others with an interest in the financial management of the Province, a better understanding of the integral role the Department plays in ensuring that public funds are managed and accounted for effectively.

Overview

The Department of Finance is an organization of 376 employees trained in fields ranging from economics and accounting to information technology, human resources, public policy, commerce, and many other professional and skilled fields. Although the Department is organized in a traditional manner, the functions it performs require that staff work together across division lines to achieve its goals.

Our Vision

The Department of Finance is guided by a long-term vision of ensuring the highest standards of accountability and service, and providing exemplary leadership for a financially sound and secure province, thereby strengthening economic prosperity and supporting social well-being for all.

Our Values

Finance is committed to providing a working environment that is guided by the following core values:

- integrity;
- professionalism;
- fairness;
- fiscal responsibility; and,
- innovation.

Mandate, Goals and Key Functions

The mandate of the Department of Finance is to assist the Minister of Finance in carrying out his/her duties and functions on behalf of the Government of Saskatchewan. As such, the Department of Finance is responsible for:

- the operations of Treasury Board;
- the management and control of the finances of the Province;
- the development of economic and fiscal policy for the Province; and,
- the support of the Government's efforts to remain accountable to the Legislature and the public for public funds.

In fulfilling its mandate, the Department pursues five key goals:

- maintaining and enhancing the fiscal stability of the Province;
- promoting prosperity, economic growth and social responsibility;
- maintaining and enhancing accountability and performance;
- improving client service; and,
- strengthening the Department's people and organization.

The Core Business Areas

In order to carry out its mandate and attain its goals, the Department provides the Minister of Finance, Treasury Board, Cabinet and Government with information, analysis, advice and services in seven core business areas.

1. Revenue, Expenditure, Fiscal and Economic Policy

Finance supports effective Government decision-making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and Government departments. This includes financial and policy advice on budget decisions, updates on the Province's revenue and expenditure position, as well as information on general economic and social issues. Finance establishes and co-ordinates the budget development process to enable Treasury Board and Cabinet to make effective resource allocation decisions.

The Department also works with the federal government to manage programs such as Equalization, the Canada Health and Social Transfer and fiscal arrangements concerning First Nations in Saskatchewan.

2. Comptrollership/Financial Management

Finance assists the Legislature and the Government in controlling and accounting for the receipt and disposition of public money. Through the office of the Provincial Comptroller, the Department develops and maintains the government-wide revenue and expenditure systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts.

The Public Accounts report on the Government's revenues, expenditure and debt position for the previous fiscal year. The Department's internal audit function helps ensure that departments are

properly accounting for their revenues and expenditures as authorized through government policy and legislation.

3. Revenue Operations

Finance administers several provincial government tax and tax rebate programs. This work involves identifying revenue owed, collecting revenue, conducting audits, issuing tax refunds and providing information related to tax and rebate programs.

4. Treasury and Debt Management

Finance borrows to meet the funding requirements of the Government, including Crown corporations and other government agencies. It manages the provincial debt and the cash position of the General Revenue Fund. It also provides an investment management service for various funds administered by the Government, Crown corporations and other agencies.

5. Government Planning and Reporting

Finance co-ordinates the development and implementation of enhanced planning, budgeting, performance measuring and reporting practices across government. A new accountability initiative to examine the budget process and the Government's planning, performance measuring and reporting mechanisms was launched in 1998-99.

6. Corporate Services

Finance provides direction, guidance, and support for internal operations and client agencies. This work includes executive management and the management of communications, human resources, financial services, procurement, information technology, security and facilities.

7. Pension and Benefits Administration

Finance administers a number of provincial pension funds and employee benefit plans. This work includes responding to the needs of plan members and informing members of changes to the plans.

Year in Review

1998-99 was a somewhat difficult year for Saskatchewan. After five consecutive years of rapid economic growth, the pace of growth moderated as global prices for two of Saskatchewan's most important resources — grain and oil — began to decline. This slower rate of growth, along with a number of unexpected pressures on the treasury, presented a significant challenge for the Department of Finance and the Government overall. However, the Department's practice of prudent economic forecasting, along with improvements to Saskatchewan's fiscal position throughout the 1990s, allowed the Government to meet the additional expenditure needs while maintaining a balanced budget.

The following section discusses selected achievements and undertakings of the Department in 1998-99.

Goal #1: Maintain and Enhance the Fiscal Stability of the Province

Develop, implement and monitor the Government's financial plan

The 1998-99 Budget set out a plan to:

- balance the Budget in 1998-99;
- pay down the debt by nearly $500 million in 1998-99, reducing the Province's total debt to 40.0 per cent of GDP as of March 31, 1999;
- increase investments in health, education and other services that matter to people; and,
- reduce Provincial Income Taxes.

By end of the fiscal year, these goals were met.

Manage the Debt

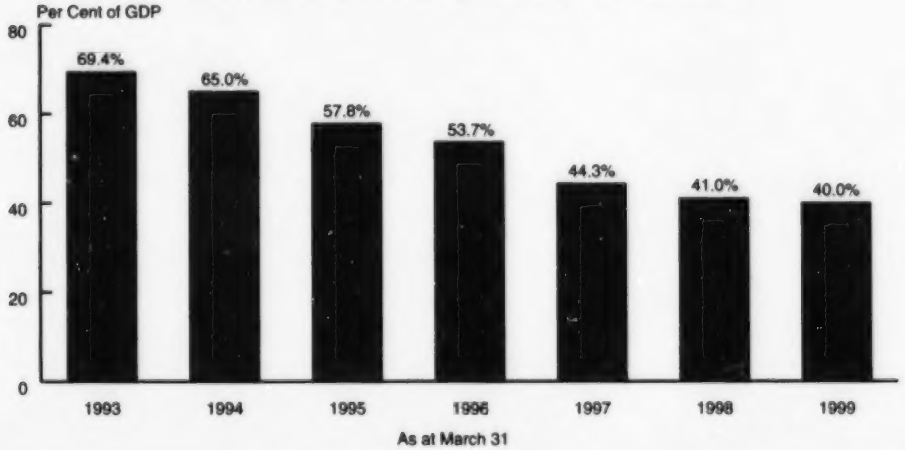
The Department of Finance borrows for general government purposes and for the purposes of Crown corporations.

The Department Finance is committed to protecting the fiscal position of the Province while seeking the lowest overall cost of borrowing. Total debt of the Province was $11.5 billion at March 31, 1999, down $3.4 billion from its peak of $14.9 billion at March 31, 1994.

In recognition of the Province's improved financial position, Moody's Investor Services, one of the most influential credit rating agencies, raised Saskatchewan's credit rating from A3 to A2 on July 29, 1998. From 1996 to 1998, the Province has received a credit upgrade from each of two other credit rating agencies and two upgrades from a third agency.

While the Province prefers to hold most of its debt in Canadian currency, the Department will, on a case by case basis, consider cost-effective opportunities to issue debentures in foreign currencies. The Department continuously monitors the markets for cost-effective opportunities to reduce or eliminate foreign exchange risk on existing US dollar liabilities.

Total Debt as a Percentage of GDP - 1993 to 1999



Treasury Management

The Department of Finance manages the Province's cash position, ensuring cost-effective financing to help the Government meet program objectives.

The Province completed its 1998-99 borrowing requirements of $674.5 million: $512.1 million for general government purposes and $162.4 million for Crown corporations. General government borrowing in 1998-99 was strictly to refinance a portion of maturing general-purpose debt. Crown corporation borrowing was used to finance some Crown activities, as well as to refinance debt borrowed on their behalf.

Of the $674.5 million financing program, $308.1 million was raised through the sale of Saskatchewan Savings Bonds. Saskatchewan Savings Bonds are issued each year to provide Saskatchewan residents an opportunity to invest in their Province. The remaining $366.4 million was borrowed in capital markets. The first preference is to borrow medium- and long-term funds, to spread maturing debt over a number of years.

$308.1 million was raised through the sale of Saskatchewan Savings Bonds.

By diversifying the sources of capital, the Department of Finance maintains flexibility to manage the cash and borrowing needs of the Province. Such flexibility ensures access to cost-effective funds in all the major world markets, which is essential given the highly volatile nature of capital markets and demands for capital from other issuers in Canada.

Special Financial Management Issues, 1998-99

In spite of a comprehensive budget development process, unforeseen circumstances can arise that put additional demands on the public purse. A number of such circumstances arose in 1998-99, requiring unexpected spending by special warrants.

For example, in order to help Saskatchewan farmers to address income shortages due to low grain prices, the Province contributed $140.0 million to the federal-provincial Agricultural Income Disaster Assistance program (AIDA).

Higher than expected Equalization payments and taxation revenue added $267.5 million to overall revenues.

In addition, an unusually intense forest fire season demanded that $66.0 million be added to the Environment and Resource Management budget. The Department of Health required an additional $54.4 million to address a nursing shortage, increased demand on provincial health services and other mid-year needs. Higher than expected Equalization payments and taxation revenue added $267.5 million to overall revenues, allowing the Government to meet these and an additional $81.2 million of other expenditures by various departments and agencies, while maintaining a balanced budget.

Goal #2: Promote Prosperity, Economic Growth and Social Responsibility

Strategic Advice and Planning

The Department of Finance contributes to the Government's economic development strategy and success by monitoring, forecasting and reporting on the economy and by providing sensitivity analysis and public policy alternatives.

In 1998-99, the Department continued to provide regular economic and fiscal updates and analysis to Treasury Board, Cabinet, departments and agencies. This work of the Department helps the Government ensure that its economic, fiscal and taxation policies are contributing to their intended goals of greater prosperity and economic growth.

Taxation Policy

The Government has made a commitment to continue to reduce taxes as the Province's finances permit. In developing the Government's 1998-99 Budget, the Department of Finance reviewed a number of tax policy options.

Saskatchewan's personal income tax system is committed to the following principles:

- fairness to people in all income groups;
- equity among families earning similar levels of income;
- stability in revenue generation, in order to finance important public programs; and,
- encouragement of individual productivity.

In pursuit of those principles, the 1998-99 Budget reduced Saskatchewan's Personal Income Tax rate from 50 per cent to 48 per cent of Basic Federal Tax, returning $28.0 million to taxpayers in 1998-99 and $45.0 million in 1999-2000.

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In July 1998, Saskatchewan introduced the Saskatchewan Child Benefit, one of the Province's initiatives to reduce child and family poverty. The Child Benefit is non-taxable and fully integrated with the federal Child Tax Benefit.

As part of its broader economic strategy, the Government provides targeted tax reductions and incentives for economic sectors that have strong potential for new investment and employment creation. In 1998-99 the following tax measures were implemented:

- changes to the Saskatchewan Potash Production Tax structure to improve the Province's ability to attract new investment capital from the potash industry;
- a Film Employment Tax Credit to encourage film and video production in Saskatchewan communities;
- changes to the oil and gas Crown Royalty and Production Tax structure to encourage the drilling of more new oil and gas wells in the province;
- a new Research and Development (R&D) Tax Credit equal to 15 per cent of eligible R&D expenditures incurred by corporations in Saskatchewan; and,
- a Petroleum Research Initiative to encourage oil and gas companies to increase their field and institutional R&D expenditures in Saskatchewan.

Goal #3: Maintain and Enhance Accountability

Financial Management

The Department of Finance is committed to public accountability. In 1998-99, the Department made improvements to its financial management practices, and provided advice to other departments to improve their financial management practices.

The Public Accounts improved disclosure and financial accountability by including:

- information on capital property acquisition and disposal;
- details of the investments held in the Province's sinking funds; and,
- more extensive disclosure on the Province's pension liabilities and pension plans.

The Summary Financial Statements received a clean audit opinion from the Provincial Auditor for the sixth consecutive year.

During 1998-99, the Department assessed and approved financial statement formats for 101 Crown entities and funds. Each of these entities received a clean audit opinion from its auditor.

The Department of Finance establishes the internal control standards for the acquisition, development and operation of computerized and manual financial systems. During 1998-99, the Department provided advice on the design and implementation of 26 systems throughout Government. Fifteen new financial systems were initiated in 1998-99.

The Summary Financial Statements received a clean audit opinion from the Provincial Auditor for the sixth consecutive year.

The Department assesses the risk of the Government's financial, administrative and information technology processes. To ensure that financial and management controls are appropriate, the Department performs internal audits on those processes where significant financial risk exists.

During 1998-99, the Department assessed the financial risk of 24 expenditure and revenue processes. These processes comprised approximately 40 per cent of government's total revenue and expenditure transactions. Based on the risk assessment, the Department conducted 12 financial audits and examined the program performance management processes in five program areas where monies are transferred to third parties.

In 1998-99, the Department of Finance initiated a comprehensive, system-wide review of the Government's accountability systems. The review focused on assessing the planning, performance measuring and reporting systems, as well as a detailed review of the budget development process.

In 1998-99, the Department of Finance initiated a comprehensive, system-wide review of the Government's accountability systems.

Goal #4: Improve Client Services

Serving the Saskatchewan Public

The Department interacts with the public in a number of ways, including:

- responding to general inquiries for information on Department programs and services;
- administering the Saskatchewan Savings Bonds Program;
- co-ordinating public information campaigns and public consultations;
- consulting with key stakeholders, such as business groups; and,
- managing revenue collection programs.

Throughout 1998-99, the staff of the Department fulfilled requests and answered inquiries by the general public. For example, the Department:

- processed over 236,000 provincial tax returns with turnaround times averaging 24-48 hours;
- processed over 23,000 new business registrations (generally issued within two working days), cancellations and account changes;
- reduced the tax filing frequency for approximately 4,000 businesses;
- conducted workshops with Revenue Canada to provide tax information to new entrepreneurs;
- received approximately 38,000 inquiries through our toll free and general inquiry lines, and responded to 85 per cent of these inquiries immediately;
- contacted 2,500 new and existing businesses to assist them in understanding the various tax and rebate programs and to explain reporting requirements;
- offered the Series VII Saskatchewan Savings Bonds, at 5.0 per cent interest, raising $308.1 million, and as of March 31, 1999, over 70,000 Saskatchewan residents owned $1.5 billion of Saskatchewan Savings Bonds;
- co-ordinated an expanded, province-wide pre-budget consultation process to better gauge public priorities for the 1999-2000 Budget; and,
- established a departmental Internet presence on the Saskatchewan website, at www.gov.sk.ca/finance, where the *Budget Address, Estimates*, the *Mid-Year Financial Report, Public Accounts*, information related to the Saskatchewan Savings Bonds Program and numerous Tax Bulletins may be found.

As of March 31, 1999, over 70,000 Saskatchewan residents owned $1.5 billion of Saskatchewan Savings Bonds.

Serving Saskatchewan Government Departments and Agencies

The Department of Finance provides information to other Government departments to assist them in fulfilling their respective mandates, policies and obligations.

In 1998-99, the Department responded to over 5,000 requests from other departments for financial management information from the central financial systems. Departments use such data to improve their financial management decisions.

The Department also produced and distributed a new resource publication, *Understanding General Laws - A Handbook for Boards of Directors*. General laws govern the roles, responsibilities and duties of the directors of Government organizations. The book assists directors in understanding how general laws affect them.

The Department substantially completed its Year 2000 work on the central financial systems in 1998-99.

After working on the development and implementation of a Year 2000 strategy for several years, the Department substantially completed its Year 2000 work on the central financial systems in 1998-99.

Goal #5: Strengthen Our People and Organization

The Department is committed to attracting and retaining high quality, professional staff to carry out its mandate. The increasingly competitive labour market makes managing human resources needs more challenging than ever.

The Department of Finance continues to develop and implement human resource plans, policies and practices to:

- provide for ongoing recognition of achievement;
- expand Finance's recruitment sources;
- ensure positions are filled with qualified people;
- ensure staffing is completed in a timely manner;
- support a balance between work and family needs through job sharing and variable hours of work arrangements; and,
- achieve a diversified workforce.

Along with all other government departments, the Department of Finance and its client agencies implemented the Government's equal pay for work of equal value classification plan.

The Future: Challenges and Opportunities

The Department of Finance operates within a complex public environment that requires sensitivity to the needs and objectives of individuals, organizations, communities, other government departments and other governments across Canada. Issues such as fiscal stability and flexibility, economic development, public attitudes and expectations, technological change, demographic trends, human resource considerations and trends in accountability affect the Department's ability to achieve its mandate and effectively communicate its successes.

As the financial steward of the Province, the Department deals with several challenging issues. Economic forces and trends outside the control of the Provincial Government can significantly affect the economic and fiscal situation, regardless of the planning and work of the Province. The value of the Canadian dollar, interest rates and world commodity prices are three examples of powerful influences over which the Province has no control.

Although much progress has been made in the area of debt management, Saskatchewan's large public debt remains an area of vulnerability. The Department remains committed to promoting a prudent approach to the management of Saskatchewan's public debt.

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The Department of Finance recognizes the growing array of intergovernmental and jurisdiction issues involving First Nations communities and their relationship with the Provincial Government. Aboriginal self-government, Aboriginal rights as defined by the Supreme Court, taxation policy and other issues will continue to evolve and influence public policy in Saskatchewan. The Department of Finance continues its work in support of the Provincial Government's desire to work with First Nations communities toward building partnerships for economic prosperity and opportunity for First Nations people.

Saskatchewan's demographic profile presents another challenge. An aging population, a relatively small number of taxpayers and other demographic dynamics challenge the Province's ability to balance competitive tax rates with the need for health care, education and other program funding.

New standards of accountability are another continuous challenge for the Government. The public increasingly demands information on the effectiveness of government spending in relation to the stated goals.

As well, the Social Union Framework incorporates a number of accountability components, including an obligation to monitor and report on key outcomes. The Framework is an agreement between the federal and provincial governments that provides a basis for a stronger partnership between the two orders of government on social policies and programs.

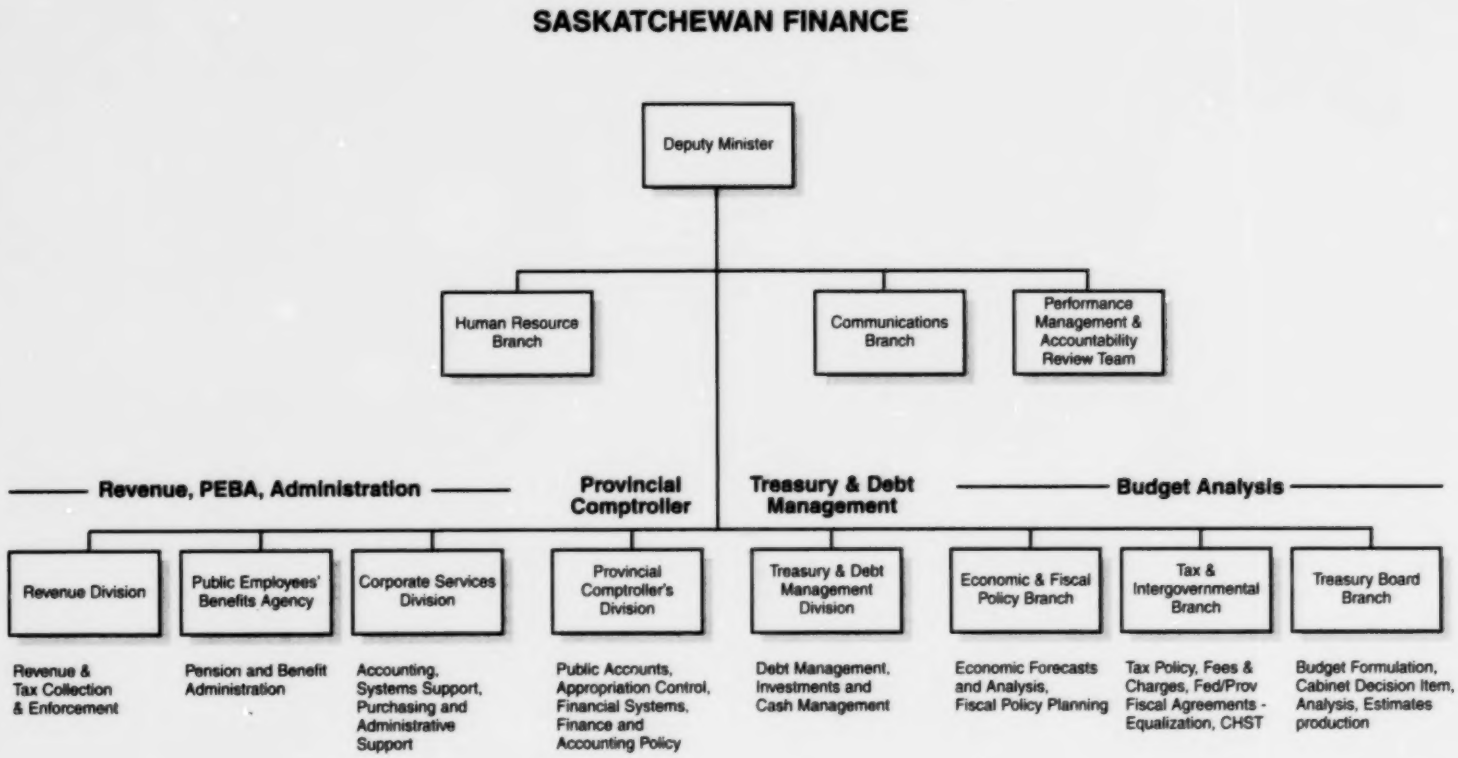
The Department views the integration of performance measurement into the government-wide planning process as one of its most important future undertakings.

The Department views the integration of performance measurement into the government-wide planning process as one of its most important future undertakings. The objective is to move beyond financial reporting towards evaluating outcomes by developing clearly stated and measurable goals. The implementation of the accountability framework and its three components of improved planning, performance measuring and reporting will be a major agenda item for the Department throughout 1999-2000 and beyond. The Department recognizes that reforms of this nature necessarily require a number of years to evaluate and implement.

In addition to this major initiative, the Department will continue to pursue improvements in its internal operations and client services. For example, the Department intends to investigate the security and confidentiality of filing tax returns through the Internet. A new document imaging system will allow for improved access to tax returns. The Department will assess the flow of information concerning its various programs and services to ensure and improve their efficiency and responsiveness.

Over the medium- and long-term, the Department of Finance will continue to present the Government with innovative, progressive options for managing its fiscal, economic and social policy challenges. It will support the Government's obligations as set out in *The Balanced Budget Act* and seek to maintain the fiscal integrity needed for the Government to pursue its goals of lowering taxes, reducing the provincial debt and investing in quality services for Saskatchewan people.

Appendix A: Organizational Chart


SASKATCHEWAN FINANCE
Deputy Minister
Human Resource Branch
Communications Branch
Performance Management & Accountability Review Team
Revenue, PEBA, Administration
Provincial Comptroller
Treasury & Debt Management
Budget Analysis
Revenue Division
Public Employees' Benefits Agency
Corporate Services Division
Provincial Comptroller's Division
Treasury & Debt Management Division
Economic & Fiscal Policy Branch
Tax & Intergovernmental Branch
Treasury Board Branch
Revenue & Tax Collection & Enforcement
Pension and Benefit Administration
Accounting, Systems Support, Purchasing and Administrative Support
Public Accounts, Appropriation Control, Financial Systems, Finance and Accounting Policy
Debt Management, Investments and Cash Management
Economic Forecasts and Analysis, Fiscal Policy Planning
Tax Policy, Fees & Charges, Fed/Prov Fiscal Agreements - Equalization, CHST
Budget Formulation, Cabinet Decision Item, Analysis, Estimates production

Appendix B: Financial Schedules

Summary of Expenditures

(thousands of dollars)

	1997-98 Actual	1998-99 Actual	1998-99 Budget	1998-99 Variance
Operations				
Corporate Services	$ 2,332	$ 2,924	$ 2,196	$ 728
Accommodation and Central Services	1,865	1,790	1,913	(123)
Treasury and Debt Management	1,954	1,926	2,166	(240)
Provincial Comptroller	4,230	4,141	4,383	(242)
Budget Analysis	3,569	3,866	3,653	213
Revenue	7,088	7,681	7,336	345
Public Employees' Benefits Agency				
Administration of PSSP	552	608	480	128
Public Employees' Benefits Agency Revolving Fund - Subsidy	–	–	–	–
Net Financing Requirement	(18)	107	120	(13)
	$ 21,572	$ 23,043	$ 22,247	$ 796
Miscellaneous Payments				
Implementation of Guarantees	$ –	$ –	$ 35	$ (35)
Interest on Tax Overpayments	221	94	175	(81)
Unforeseen and Unprovided for	21	158	50	108
Bonding of Public Officials	14	16	20	(4)
Allowance for Doubtful Accounts	1,900	1,700	1,900	(200)
Total Miscellaneous Payments	$ 2,156	$ 1,968	$ 2,180	$ (212)
Total Operations	**$ 23,728**	**$ 25,011**	**$ 24,427**	**$ 584**
Pensions and Benefits				
Public Service Superannuation Plan	$ 87,962	$ 93,268	$ 92,020	$ 1,248
Members of the Legislative Assembly Superannuation Plan	2,530	2,570	2,523	47
Judges Superannuation Plan	1,142	1,351	1,235	116
Municipal Employees' Pension	–	4	3	1
Early Retirement and Cost of Living Allowances	–	–	1	(1)
Public Employees' Pension Plan	14,958	17,043	15,525	1,518
Canada Pension Plan - Employer's Contribution	9,013	11,160	10,670	490
Employment Insurance - Employer's Contribution	13,042	13,134	12,825	309
Workers Compensation - Employer's Assessment	3,938	3,252	4,060	(808)
Employees' Benefits - Employer's Contribution	10,846	13,413	11,488	1,925
Total Pension and Benefits	**$ 143,431**	**$ 155,195**	**$ 150,350**	**$ 4,845**
Total Department of Finance	**$ 167,159**	**$ 180,206**	**$ 174,777**	**$ 5,429**

Servicing the Public Debt - Government Share

	(thousands of dollars)			
	1997-98 Actual	**1998-99 Actual**	**1998-99 Budget**	**1998-99 Variance**
Servicing the Public Debt - Government Share				
Interest on Public Debt	$ 740,443	$ 727,303	$ 711,517	$ 15,786
Foreign Currency Adjustment	3,954	9,173	3,483	5,690
Fees and Commissions	10,201	8,248	10,000	(1,752)
Total Servicing the Public Debt - Government Share	**$ 754,598**	**$ 744,724**	**$ 725,000**	**$ 19,724**

Summary of Revenue

	(thousands of dollars)			
	1997-98 Actual	**1998-99 Actual**	**1998-99 Budget**	**1998-99 Variance**
Taxes				
Corporation Capital	$ 267,792	$ 232,618	$ 260,800	$ (28,182)
Corporation Income	217,116	200,079	178,400	21,679
Fuel	376,933	354,597	375,100	(20,503)
Individual Income	1,327,582	1,448,043	1,262,700	185,343
Sales	753,043	742,846	768,600	(25,754)
Tobacco	123,631	122,681	123,300	(619)
Other	40,414	45,124	41,701	3,423
Total Taxes	**$3,106,511**	**$3,145,988**	**$3,010,601**	**$ 135,387**
Transfers from Government Entities				
Crown Investments Corporation of Saskatchewan	$ 50,000	$ 100,000	$ 100,000	$ –
- Special Dividend	–	100,000	100,000	–
Liquor and Gaming Authority	350,000	330,000	374,000	(44,000)
Other enterprises and funds	11,595	15,451	11,860	3,591
Total Transfers from Government Entities	**$ 411,595**	**$ 545,451**	**$ 585,860**	**$ (40,409)**
Other Own-source Revenue				
Interest, premium, discount and exchange	$ 30,059	$ 34,122	$ 27,174	$ 6,948
Motor Vehicle fees	98,690	108,075	98,500	9,575
Other licenses and permits	83	86	98	(12)
Sales, services, and service fees	1,074	821	1,046	(225)
Transfers from Other Governments	–	–	–	–
Other	12,434	8,224	11,217	(2,993)
Total Other Own-source Revenue	**$ 142,340**	**$ 151,328**	**$ 138,035**	**$ 13,293**
Transfers from the Federal Government				
Canada Health and Social Transfer	$ 445,449	$ 427,748	$ 421,500	$ 6,248
Equalization	8,258	441,944	309,900	132,044
Other	15,765	11,801	6,211	5,590
Total Transfers from the Federal Government	**$ 469,472**	**$ 881,493**	**$ 737,611**	**$ 143,882**
Total Department of Finance	**$4,129,918**	**$4,724,260**	**$4,472,107**	**$ 252,153**

Appendix C: Public Employees Benefits Agency

The Public Employees Benefits Agency (PEBA) provides central administration for several pension and benefit programs. PEBA operates on a revolving fund basis. PEBA's operating costs are charged back to each of the plans under its administration as an administrative cost. The costs of administering PEBA are reported annually in the *Annual Report of the Public Employees Benefits Agency*.

The Public Employees Benefits Agency administers the following pension and benefit programs:

Pension Plans

Anti-TB League Superannuation Plan

Judges of the Provincial Court Superannuation Plan

Liquor Board Superannuation Plan

The Members of the Legislative Assembly Superannuation Plan

Municipal Employees' Pension Plan

Public Service Superannuation Plan

Public Employees Pension Plan

Saskatchewan Transportation Company Superannuation Plan

Workers' Compensation Board Superannuation Plan

Benefit Plans

Deferred Salary Leave Plan

Extended Health Care Plan for Certain Other Employees

Extended Health Care Plan

Scheduled Aircraft Insurance Plan

Unscheduled Aircraft Insurance Plan

Public Employees Dental Plan

Public Employees Disability Income Plan

Public Employees Group Life Insurance Plan

Appendix D: Publication List

Budget Address

Budget Estimates

Public Accounts – Volumes I and II

Mid-Year Financial Report

Economic Review

Supplementary Estimates*

Financial Statements – Compendium

These publications and others are available at the Department of Finance's web site at:
www.gov.sk.ca/finance

*not available on the website

Appendix E: Legislation

The Minister of Finance is responsible for the following Acts of the Legislative Assembly:

Appropriation Acts

Balanced Budget Act

Certified General Accountants Act, 1994

Certified Management Consultants Act

Chartered Accountants Act, 1986

Corporation Capital Tax Act

Crown Foundations Act

Crown Foundations for District Health Boards Act

Education and Health Tax Act

Estate Tax Rebate Act, 1969

Estate Tax Rebates Reciprocal Arrangements Act, 1970

Federal-Provincial Agreements Act

Financial Administration Act, 1993

Fuel Tax Act, 1987

Home Energy Loan Act

Income Tax Act

Insurance Premiums Tax Act

Liquor Consumption Tax Act

Management Accountants Act

Members of the Legislative Assembly Superannuation Act, 1979

Motor Vehicle Insurance Premiums Tax Act

Municipal Employees' Pension Act

Municipal Financing Corporation Act

Pioneer Trust Company Depositors Assistance Act

Provincial Auditor Act

Public Employees Pension Plan Act

Public Service Superannuation Act

Revenue and Financial Services Act

Saskatchewan Development Fund Act

Saskatchewan Pension Annuity Fund Act

Saskatchewan Pension Plan Act

Statistics Act

Superannuation (Supplementary Provisions) Act

Tobacco Tax Act, 1998

Furthermore the Department has responsibilities under the following legislation:

Fire Prevention Act, 1992

Liquor Board Superannuation Act

Provincial Court Act

Vehicle Administration Act

Worker's Compensation Board Superannuation Act

Appendix F: Treasury Board, the Budget Process and Public Accounts

Treasury Board

Key decisions about the Province's finances, including the development of the annual Provincial Budget, are the responsibility of Treasury Board. Treasury Board is a committee of Cabinet Ministers with the Minister of Finance acting as Chair. The Deputy Minister of Finance is the Board's Secretary and Department staff act as a resource to Treasury Board in the performance of its duties.

Treasury Board Ministers make decisions concerning the raising and allocation of funds for departments and programs, fiscal policy and administrative management of the Province. The Department of Finance informs government departments and agencies of those decisions and monitors their implementation.

The Department of Finance assists and supports Treasury Board in fulfilling its duties, which include:

- managing the Government's revenues, expenditures, assets and liabilities;
- evaluating Government programs and services;
- establishing and overseeing Government administrative policy and management practices and systems;
- developing and monitoring Government accounting policies and practices;
- reviewing and making recommendations on the organization of all or any part of Government;
- providing Cabinet with recommendations on policies to address Government programming and fiscal issues; and,
- reviewing budget proposals and overseeing the development of the Government's annual budget.

The Budget Process

One of the primary responsibilities of the Department of Finance is to assist Treasury Board in developing and managing the annual Provincial Budget. Presented each year in the Legislative Assembly by the Minister of Finance, the Budget sets forth in detail how public funds will be allocated among all government programs and services in the coming fiscal year. It also establishes future directions for government programs and appropriate levels of taxation to maintain those programs.

Each year, Cabinet meets early in the fall to develop Budget guidelines based on overall public priorities as determined by the Government. These guidelines are conveyed to departments to guide them when preparing their budget requests. Treasury Board, with the support and advice of the Department of Finance, assesses the requests, evaluates competing priorities, and recommends a budget package to Cabinet.

Through the budget process, the Government builds an overall financial plan intended to reflect public priorities. Responsibility for developing, implementing and managing the budgets of individual departments rests with respective Ministers and senior managers.

The role of Finance is to provide Treasury Board and Cabinet with sufficient information to make choices and formulate policies that will best reflect the priorities of Saskatchewan people. The Budget Analysis Division — consisting of Economic and Fiscal Policy Branch, Taxation and Intergovernmental Affairs Branch and Treasury Board Branch — takes the lead in assisting Treasury Board and Cabinet in the budget development process.

Once Cabinet has finalized the budget package, the Department of Finance produces the *Budget Address*, annual *Estimates* and supporting materials, and arranges for the dissemination of budget information to key stakeholders and the public.

In November, the Department of Finance releases the annual *Mid-Year Financial Report*. The *Mid-Year Financial Report* updates revenue, expenditure and debt forecasts based on economic changes and other developments that have occurred to the mid-point of the fiscal year. After the end of the fiscal year, the Department prepares the *Public Accounts*, which summarize the results of Government operations for the fiscal year and provide a comparison of actual results to *Budget Estimates*.

The Public Accounts Committee

The Department of Finance prepares the annual *Public Accounts* for the Minister of Finance to table in the Legislative Assembly. The Legislative Assembly establishes a Standing Committee on Public Accounts at the beginning of each

Legislative sitting to review the Government's expenditure through analysis of the Public Accounts and the Provincial Auditor's report. The Committee plays a key role in maintaining Government accountability.

The Committee is assisted in its deliberations by the attendance of the Provincial Comptroller, the Provincial Auditor and Department officials, each of whom provides information and answers questions from Members.

The Committee summarizes its recommendations in periodic reports to the Legislative Assembly. The Department of Finance assists the Government in preparing a formal response describing the actions taken as a result of the Committee's recommendations. The financial accountability cycle is completed when the Committee reviews the Government's response and actions.

Appendix G: Glossary of Terms

Appropriation
An amount of funding that the Legislature has authorized for a particular purpose.

Credit Rating
An evaluation of the ability and willingness of a borrower to service and repay debt in a timely manner. Credit ratings are a key factor in determining the cost and availability of credit to a borrower. Borrowers with lower credit ratings pay more to lenders or investors than those with a higher rating. Many investors, such as pension funds, have guidelines restricting their lending to only those borrowers with a high enough credit rating.

Debt Servicing Costs
Cost associated with servicing the debt of the General Revenue Fund. The costs include interest, foreign exchange gains and losses, discounts, fees and commissions. Costs incurred for financing Crown corporations' debt are reimbursed by the Crown corporations.

Department
An organizational unit of Executive Government created for the purpose of managing related programs.

Estimates
Documents tabled outlining the Government's detailed financial plan for the year which form the basis for the requested appropriations. Estimates are tabled every year with the Budget Address.

Expenditure
The cost of operating government identified with a particular fiscal year or time period. Expenditures include the cost of government operated programs, interest on the public debt, transfer payments and capital acquisitions.

Financial System
Any system, manual or computerized, used to report or process transactions or data related to revenues, expenditures, assets, or liabilities.

Fiscal Year
The period commencing on April 1 in one calendar year and ending on March 31 in the following calendar year.

General Revenue Fund (GRF)
The fund into which all revenues are paid, unless otherwise provided for by Legislation, and from which all expenditures are appropriated by the Legislative Assembly.

General Revenue Fund Financial Statements
The financial statements which report on the financial resources and activities of the General Revenue Fund.

Gross Debt
The gross debt of the Province consists of money owed directly to lenders through the sale of short-term promissory notes and medium- and long-term debentures in the capital markets, as well as the amount owed to holders of Saskatchewan Savings Bonds.

Guaranteed Debt
The debt of Crown corporations and others that the Province has promised to repay if the debt issuer is unable to do so.

Public Employees' Benefits Agency (PEBA)
The agency that administers nine superannuation and five employee benefits plans. PEBA is an example of an agency which is a revolving fund. PEBA is established under the authority of *The Financial Administration Act, 1993.*

Public Accounts
The *Public Accounts* of the Government of Saskatchewan are organized into two reports. Volume 1 contains the General Revenue Fund Financial Statements and the Summary Financial Statements. These are the main financial statements of the Government of Saskatchewan. Volume 2 contains details on revenue and expenditure of the General Revenue Fund, financial information on the superannuation and trust funds administered by the Government, and a listing of remissions of taxes and fees.

Revenue
The gross proceeds applicable to a fiscal year from taxes, licenses, transfer payments and sources other than borrowing.

Revolving Funds
Funds established by statute and are used to isolate certain items of related revenue and expenditure. Revolving funds are net budgeted in the Estimates, and are used for specific government operations that recover all or a portion of the associated costs from the fund's users.

Sinking Funds
Monies that are set aside to provide for the orderly retirement of a portion of the Province's debt. Each year the Province makes payments into sinking funds associated with certain debt issues outstanding.

Summary Financial Statements
The financial statements which report on the consolidated financial resources and activities of all government organizations, including government boards, agencies, commissions, funds and Crown corporations.

Total Debt
Total debt of the General Revenue Fund, consisting of:

- gross debt – the amount of money owed to lenders; plus
- guaranteed debt – the debt of Crown corporations and others that the Province has promised to repay if they are unable to do so; less
- sinking funds – the amount of money which has been set aside for the repayment of debt.

Transfers
Transfers of money from the Government to an individual, organization, authority or other government for which no goods or services are directly received by government and no repayment is expected in the future. Terms such as "grants" and "entitlements" are often used for transfers.

Transfers to Individuals
Direct or indirect transfers of money for which no public service is required of the recipient. These transfers provide the recipient with a financial benefit and are usually in the nature of income support, subsidy or compensation payment. These transfers may include public goods and services that are income tested.

Transfers for Public Service
Transfers to individuals, organizations, Crown corporations and local authorities (e.g., school boards, district health boards and municipalities) to fund public services such as health care and education. Transfers to government organizations and corporations, which in turn provide a direct transfer or subsidy to their clients, are treated as a transfer to an individual.